1. CORPORATE INFORMATION

The Company announced on 12 October 2005 that the Company proposed to change the domicile of the Company from the Cayman Islands to Bermuda by way of discontinuation in the Cayman Islands and continuation as an exempted company under the laws of Bermuda (the "Change of Domicile"). The Change of Domicile was approved by a special resolution passed at an extraordinary general meeting held on 2 December 2005, and had become effective on 6 January 2006.

The new registered office of the Company is located at Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda. The address of its principal place of business is 1/F., Yue On Commercial Building, 385–387 Lockhart Road, Wanchai, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

The principal activity of the Company is investment in and trading of listed and unlisted investments.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Company has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are relevant to its operations and effective for accounting periods beginning on or after 1 January 2006. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. The adoption of these new and revised HKFRSs did not result in substantial changes to the Company's accounting polices and amounts reported for the current year and prior years.

The Company has not early adopted the new HKFRSs that have been issued but are not yet effective. The application of these new HKFRSs will not have material impact on the financial statements of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with HKFRSs issued by the HKICPA, accounting principles generally accepted in Hong Kong and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets at fair value through profit or loss.

The preparation of financial statements in conformity with HKFRSs requires the use of certain key assumptions and estimates. It also requires management to exercise its judgements in the process of applying accounting policies. The areas involving critical judgements are disclosed in note 4 to the financial statements.

The significant accounting policies applied in the preparation of these financial statements are set out below.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

(ii) Transactions and balances in financial statements

Transactions in foreign currencies are translated into the functional currency using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the rates ruling on the balance sheet date. Profits and losses resulting from this translation policy are included in the income statement.

Translation differences on non-monetary items, such as equity instruments classified as financial assets at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equity instruments classified as available-for-sale financial assets, are included in the investment revaluation reserve in equity.

(b) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are expensed in the income statement during the period in which they are incurred.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Leasehold improvements	:	Over the lease term period
Furniture and fixtures	:	20%
Office equipment	:	25%

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at each balance sheet date.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the income statement.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Investments

Investments are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus directly attributable transaction costs except in the case of financial assets at fair value through profit or loss.

Investments are classified as either financial assets at fair value through profit or loss or available-for-sale financial assets.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are either investments held for trading or designated as at fair value through profit or loss upon initial recognition. These investments are subsequently measured at fair value. Gains or losses arising from changes in fair value of these investments are recognised in the income statement.

(ii) Available-for-sale financial assets

Available-for-sale financial assets are investments not classified as financial assets at fair value through profit or loss. Available-for-sale financial assets are subsequently measured at fair value. Gains or losses arising from changes in fair value of these investments are recognised directly in equity, until the investments are disposed of or are determined to be impaired, at which time the cumulative gains or losses previously recognised in equity are recognised in the income statement.

Impairment losses recognised in the income statement for equity investments classified as available-for-sale financial assets are not subsequently reversed through the income statement. Impairment losses recognised in the income statement for debt instruments classified as available-for-sale financial assets are subsequently reversed and recognised in the income statement if an increase in the fair value of the instruments can be objectively related to an event occurring after the recognition of the impairment loss.

(d) Other receivables

Other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of other receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of the allowance is the difference between the receivables' carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate computed at initial recognition. The amount of the allowance is recognised in the income statement.

Impairment losses are reversed in subsequent periods and recognised in the income statement when an increase in the receivables' recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the receivables at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Company's cash management are also included as a component of cash and cash equivalents.

(f) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

(g) Other payables

Other payables are stated initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

(h) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(i) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably.

(i) Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend. Dividend income from unlisted investments is recognised when the shareholders' right to receive payment are established;

(ii) Interest income is recognised on a time-apportion basis using the effective interest method; and

(iii) Proceeds from disposal of investments, listed and unlisted, are recognised on the trade date when a sale and purchase contract is entered into.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Related parties

A party is related to the Company if:

(i) directly or indirectly through one or more intermediaries, the party controls, is controlled by, or is under common control with, the Company; has an interest in the Company that gives it significant influence over the Company; or has joint control over the Company;

(ii) the party is an associate;

(iii) the party is a joint venture;

(iv) the party is a member of the key management personnel of the Company or its parent;

(v) the party is a close member of the family of any individual referred to in (i) or (iv);

(vi) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

(vii) the party is a post-employment benefit plan for the benefit of employees of the Company, or of any entity that is a related party of the Company.

(l) Impairment of assets

At each balance sheet date, the Company reviews the carrying amounts of its tangible assets except investments and receivables to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Impairment of assets (continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(m) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Company has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

(n) Events after the balance sheet date

Events after the balance sheet date that provide additional information about the Company's position at the balance sheet date or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the financial statements. Events after the balance sheet date that are not adjusting events are disclosed in the notes to the financial statements when material.

4. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In the process of applying the accounting policies, management has made the following judgement that has the most significant effect on the amounts recognised in the financial statements.

Available-for-sale financial assets

The Company's investments in unlisted securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, are measured at cost less any impairment loss.

5. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: price risk, credit risk, liquidity risk and interest rate risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

(a) Price risk

The Company's financial assets at fair value through profit or loss are measured at fair value at each balance sheet date. Therefore, the Company is exposed to equity security price risk. The directors manage this exposure by maintaining a portfolio of investments with different risk profiles.

(b) Credit risk

The Company has no significant concentrations of credit risk.

(c) Liquidity risk

The Company's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

(d) Interest rate risk

The Company's exposure to interest-rate risk arises from its bank deposit. This deposit bears interest at rates varied with the then prevailing market condition.

(e) Fair values

The carrying amounts of the Company's financial assets and financial liabilities as reflected in the balance sheet approximate their respective fair values.

6. TURNOVER

	2006 HK$	2005 HK$
Dividend income	**9,580**	17,930
Interest on convertible loans receivable	**–**	435,288
Proceeds from sales of financial assets at fair value through profit or loss	**93,400**	655,140
Bank interest income	**95,711**	–
	198,691	1,108,358

No segment information is presented as all of the turnover and revenue, contribution to operating results, assets and liabilities of the Company are attributable to investment activities which are carried out or originated principally in Hong Kong and the PRC.

7. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

The emoluments of each director for the year ended 31 December 2006 were as follows:

	Fees	
	2006 HK$	2005 HK$
Executive directors		
Mr. CHAN Chak, Paul	**57,600**	57,600
Mr. NGAI Wah Sang	**57,600**	57,600
Mr. WANG Daming	**57,600**	57,600
Independent non-executive directors		
Mr. Benny LUI	**57,600**	57,600
Mr. Oliver Yeung Kam LAI	**57,600**	57,600
Mr. CHAN Francis Ping Kuen	**57,600**	52,800
Ms. CHAN Bow Ye, Bonita *	**–**	4,800
	345,600	345,600

* Resigned on 7 February 2005

During the year, there was no arrangement under which a director waived or agreed to waive any emoluments. No emoluments were paid by the Company to any of the directors as an inducement to join or upon joining the Company or as compensation for loss of office.

The Company did not employ any employee other than the directors of the Company for the current and prior years.

8. INCOME TAX EXPENSE

(a) No provision for Hong Kong Profits Tax is required since the Company has no assessable profits for the current and prior years.

(b) The reconciliation between the income tax expense and the product of loss before tax multiplied by the Hong Kong Profits Tax rate is as follows:

	2006 HK$	2005 HK$
Loss before tax	**(2,574,681)**	(2,800,571)
Tax at 17.5% (2005: 17.5%)	**(450,569)**	(490,100)
Tax effect of income that is not taxable	**(1,673)**	(3,138)
Tax effect of expenses that are not deductible	**98,219**	101,403
Tax effect of other temporary differences not recognised	**(1,108)**	(42,797)
Tax effect of tax losses not recognised	**355,131**	434,632
Income tax expense	**–**	–

(c) A deferred tax asset has not been recognised in the financial statements due to the uncertainty of future profit streams against which the asset can be utilised.

(d) At 31 December 2006, the major component of unprovided deferred tax asset is arisen from tax losses, which amounted to HK$4,655,190 (2005: HK$4,310,965) and they do not expire under current tax legislation.

9. LOSS FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The Company's loss for the year is stated after charging/(crediting) the following:

	2006	2005
	HK$	HK$
Auditor's remuneration	**170,000**	150,000
Total staff costs (note 7)	**345,600**	345,600
Depreciation	**4,612**	68,215
Loss on disposal of property, plant and equipment	**–**	16,461
Realised (gain)/loss on disposal of financial assets at fair value through profit or loss	**(20,400)**	150,360
Net unrealised holding losses from financial assets at fair value through profit or loss	**265,530**	479,010
Investment management fee	**360,000**	360,000

10. DIVIDEND

The directors do not recommend the payment of any dividend in respect of the year ended 31 December 2006 (2005: Nil).

11. LOSS PER SHARE

The calculation of basic loss per share attributable to equity holders o f the Company is based on the loss for the year attributable to equity holders of the Company of HK$2,574,681 (2005: HK$2,800,571) and the weighted average number of ordinary shares of 67,680,370 (2005: 14,401,849, as adjusted to reflect the effect of the Capital Reorganisation which became effective on 2 February 2006 and Open Offer completed on 15 March 2006) in issue during the year.

No diluted loss per share are presented as the Company did not have any dilutive potential ordinary shares during years ended 31 December 2006 and 2005.

12. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$	Furniture and fixtures HK$	Office equipment HK$	Total HK$
Cost:				
At 1 January 2005	385,478	28,521	171,122	585,121
Disposal/write off	(385,478)	(28,521)	(115,782)	(529,781)
At 31 December 2005 and 31 December 2006	–	–	55,340	55,340
Accumulated depreciation:				
At 1 January 2005	342,647	15,211	113,975	471,833
Charge for the year	42,831	1,901	23,483	68,215
Disposal/write off	(385,478)	(17,112)	(86,730)	(489,320)
At 31 December 2005	–	–	50,728	50,728
Charge for the year	–	–	4,612	4,612
At 31 December 2006	–	–	55,340	55,340
Carrying amount:				
At 31 December 2006	–	–	–	–
At 31 December 2005	–	–	4,612	4,612

13. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2006 HK$	2005 HK$
At 1 January	**14,500,000**	15,000,000
Disposal	**–**	(500,000)
At 31 December	**14,500,000**	14,500,000

13. AVAILABLE-FOR-SALE FINANCIAL ASSETS (CONTINUED)

Available-for-sale financial assets include the following:

	2006 HK$	2005 HK$
Unlisted securities, at cost		
Equity securities – Hong Kong	**4,000,000**	4,000,000
Equity securities – outside Hong Kong	**10,500,000**	10,500,000
	14,500,000	14,500,000

The unlisted securities are stated at cost as they do not have a quoted market price in an active market and their fair values cannot be reliably measured.

Particulars of the Company's available-for-sale financial assets as at 31 December 2006 are as follows:

Name of investee company	Place of incorporation	Particulars of issued shares/ registered capital	Proportion of investee's capital owned	Principal activities	Cost HK$	Dividend income received during the year HK$	Dividend cover	Net assets attributable to the Company HK$
北京大明潤誠投資顧問有限公司 [(a)] [(b)]	PRC	RMB2,000,000	25.5%	Provision of investment and business management consulting services	5,500,000	–	N/A	10,070,582
Artronic Productions (Australia) Pty Limited [(c)]	Australia	100 ordinary shares of AUD1 each	15%	Manufacturing and trading of printed circuit board	5,000,000	–	N/A	1,797,822
Ocean Pharmaceutical (HK) Limited [(a)] [(d)]	Hong Kong	1,000 ordinary shares of HK$1 each	20%	Sourcing and trading of pharmaceutical products	4,000,000	–	N/A	264,477
					14,500,000			

13. AVAILABLE-FOR-SALE FINANCIAL ASSETS (CONTINUED)

(a) The Company's investments in 北京大明潤誠投資顧問有限公司 and Ocean Pharmaceutical (HK) Limited with attributable equity interests held between 20% to 25.5% are classified as available-for-sale financial assets. These companies are not treated as associates because the Company is not in a position to exercise any significant influence over the financial and operating policies of these companies or to participate in their operations.

(b) The Company's investment in 北京大明潤誠投資顧問有限公司 is held through two intermediate holding companies which act as investment vehicles for the sole purpose of investing in 北京大明潤誠投資顧問有限公司. These intermediate holding companies have no other activities.

(c) The Company's investment in Artronic Productions (Australia) Pty Limited is held through two intermediate holding companies which act as investment vehicles for the sole purpose of investing in Artronic Productions (Australia) Pty Limited. These intermediate holding companies have no other activities.

(d) The Company's investment in Ocean Pharmaceutical (HK) Limited is held through an intermediate holding company which acts as an investment vehicle for the sole purpose of investing in Ocean Pharmaceutical (HK) Limited. This intermediate holding company has no other activities.

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2006	2005
	HK$	HK$
Equity securities listed in Hong Kong, at cost	**15,179,499**	7,016,099
Net unrealised holding losses	**(5,267,679)**	(5,006,049)
Fair value as at 31 December	**9,911,820**	2,010,050

The carrying amount of the above financial assets are classified as follows:

	2006	2005
	HK$	HK$
Held for trading	**8,631,720**	600,000
Designated as fair value through profit or loss on initial recognition	**1,280,100**	1,410,050
Market value of equity securities listed in Hong Kong	**9,911,820**	2,010,050

The fair values of the listed securities are based on quoted market prices.

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

Particulars of the Company's financial assets at fair value through profit or loss as at 31 December 2006 are as follows:

Equity securities listed on the Stock Exchange:

Name of investee company	Place of incorporation	Number of shares held	Proportion of investee's capital owned	Cost HK$	Market value HK$	Unrealised holding (losses)/gains HK$	Dividend income received during the year HK$	Dividend cover	Net assets attributable to the Company HK$
(a) China Elegance (Holdings) Limited ("China Elegance")	Bermuda	92,595,000	8.96%	10,614,788	5,555,700	(5,059,088)	–	N/A	2,423,177
(b) China Mobile Limited ("China Mobile")	Hong Kong	2,000	Less than 1%	55,311	134,400	79,089	2,560	4.6%	31,592
(c) Shougang Concord International Enterprises Company Limited ("Shougang Concord")	Hong Kong	1,170,000	Less than 1%	737,100	596,700	(140,400)	7,020	1.0%	556,007
(d) Shougang Concord Century Holdings Limited ("Shougang Century")	Hong Kong	5,754,000	Less than 1%	3,772,300	3,625,020	(147,280)	–	N/A	3,359,809
				15,179,499	9,911,820	(5,267,679)	9,580		

A brief description of the business and financial information of the listed investee companies, based on their published annual and interim reports, is as follows:

(a) China Elegance is principally engaged in investment holding, metals and minerals trading, and the manufacturing, trading and distribution of consumer products. The audited consolidated loss attributable to equity holders of China Elegance for the year ended 31 March 2006 was approximately HK$11,043,000 (2005: HK$823,000). As at 31 March 2006, the audited consolidated net asset value attributable to equity holders of China Elegance was approximately HK$25,428,000 (2005: HK$37,714,000). The unaudited consolidated loss attributable to equity holders of China Elegance for the six months ended 30 September 2006 was approximately HK$6,345,000 (2005: HK$2,184,000). As at 30 September 2006, the unaudited consolidated net asset value attributable to equity holders of China Elegance was approximately HK$27,041,000 (2005: HK$33,883,000).

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

(b) China Mobile is principally engaged in the provision of mobile communications and related services in the PRC and investment holding. The audited consolidated profit attributable to equity holders of China Mobile for the year ended 31 December 2006 was approximately RMB66,026,000,000 (2005: RMB53,549,000,000). As at 31 December 2006, the audited consolidated net asset value attributable to equity holders of China Mobile was approximately RMB319,002,000,000 (2005: RMB272,824,000,000).

(c) Shougang Concord is principally engaged in manufacturing, sale and trading of steel products, manufacturing and installation of kitchen and laundry equipment, shipping, and electricity generation. The audited consolidated profit attributable to equity holders of Shougang Concord for the year ended 31 December 2005 was approximately HK$305,032,000. As at 31 December 2005, the audited consolidated net asset value attributable to equity holders of Shougang Concord was approximately HK$2,226,334,000. The unaudited consolidated profit attributable to equity holders of Shougang Concord for the six months ended 30 June 2006 was approximately HK$84,246,000. As at 30 June 2006, the unaudited consolidated net asset value attributable to equity holders of Shougang Concord was approximately HK$2,786,715,000.

(d) Shougang Century is principally engaged in processing and trading of copper and brass products, manufacturing of steel cords, property development and investment, provision of management and information technology services. The unaudited consolidated profit attributable to equity holders of Shougang Century for the six months ended 30 June 2006 was approximately HK$44,707,000. As at 30 June 2006, the unaudited consolidated net asset value attributable to equity holders of Shougang Century was approximately HK$745,106,000.

15. SHARE CAPITAL

	Number of ordinary shares	Amount HK$
Authorised:		
At 1 January 2005 and 31 December 2005 (shares of HK$0.02 each)	1,000,000,000	20,000,000
Share Consolidation (note (a)(i))	(975,000,000)	–
Capital Reduction (note (a)(ii)) and Share Sub-division (note (a)(iii))	975,000,000	–
At 31 December 2006 (shares of HK$0.02 each)	1,000,000,000	20,000,000
Issued and fully paid:		
At 1 January 2005 and 31 December 2005 (shares of HK$0.02 each)	360,000,000	7,200,000
Share Consolidation (note (a)(i))	(351,000,000)	–
Capital Reduction (note (a)(ii))	–	(7,020,000)
Open Offer (note (b))	72,000,000	1,440,000
At 31 December 2006 (shares of HK$0.02 each)	81,000,000	1,620,000

Notes:

(a) On 12 October 2005, the Company announced to propose a capital reorganisation (the "Capital Reorganisation") which involved:

(i) consolidating every 40 existing shares of HK$0.02 each into one consolidated share ("Consolidated Share") of HK$0.8 each ("Share Consolidation");

(ii) reducing the nominal value of the then issued Consolidated Shares from HK$0.8 to HK$0.02 each by cancelling the paid up capital to the extent of HK$0.78 on each of the then issued Consolidated Shares (the "Capital Reduction") with a credit of approximately HK$7,020,000 arising from the Capital Reduction be transferred to the contributed surplus account;

(iii) sub-dividing each authorised but unissued Consolidated Share (including the authorised but unissued Consolidation Shares arising from the Capital Reduction) into 40 adjusted shares ("Adjusted Shares") of HK$0.02 each ("Share Sub-division");

(iv) cancelling the entire amount standing to the credit of the share premium account of the Company as at 30 June 2005 (the "Share Premium Cancellation") and crediting the credit of approximately HK$50,295,000 arising from the Share Premium Cancellation to the contributed surplus account; and

(v) Offsetting the aggregate amount credited to the contributed surplus account arising from Capital Reduction and Share Premium Cancellation against the accumulated losses of the Company as at 30 June 2005.

After the Capital Reorganisation had became effective on 2 February 2006, the Company's authorised share capital remains at HK$20,000,000 but is now divided into 1,000,000,000 Adjusted Shares of HK$0.02 each and the Company's issued share capital was reduced to HK$180,000 represented by 9,000,000 Adjusted Shares.

15. SHARE CAPITAL (CONTINUED)

Notes: (continued)

(b) On 12 October 2005, the Company also proposed an open offer of 72,000,000 offer shares at HK$0.1 per offer share on the basis of eight offer shares for every Adjusted Share held by the qualifying shareholders on the record date (the "Open Offer"). The Open Offer was approved by an ordinary resolution passed on a special general meeting held on 9 January 2006, and had completed on 15 March 2006. After the completion of the Open Offer, the Company's issued share capital and share premium were increased by HK$1,440,000 and HK$5,760,000 respectively.

16. SHARE OPTIONS

During the years ended 31 December 2006 and 2005, no option was granted, exercised or cancelled under the Old and the New Schemes. There were no outstanding share options as at 31 December 2006 (2005: Nil).

17. RESERVES

The amounts of the Company's reserves and the movements therein for the years ended 31 December 2006 and 2005 are presented in the statement of changes in equity.

Nature and purpose of reserves

(a) Share premium account

Share premium account represents the premium arising from the issue of shares.

At 31 December 2006, under the Bye-laws of the Company, share premium is not distributable.

At 31 December 2005, pursuant to the Companies Law of the Cayman Islands, share premium account was distributable to the shareholders, subject to the provisions of the Company's Articles of Association and a statutory solvency test.

17. RESERVES (CONTINUED)

Nature and purpose of reserves (continued)

(b) Contributed surplus account

As a result of the Change of Domicile and Capital Reorganisation which had become effective on 6 January 2006 and 2 February 2006 respectively, the aggregate amount credited to the contributed surplus account is available for distribution, under the Companies Act 1981 of Bermuda, subject to the condition that the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus account if (a) it is, or would after the payment be, unable to pay its liabilities as they become due, or (b) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium account.

At 31 December 2006, the reserve available for distribution to shareholders pursuant to the Companies Act 1981 of Bermuda amounted to HK$24,099,467.

At 31 December 2005, the reserve available for distribution to shareholders pursuant to the Companies Law of the Cayman Islands amounted to HK$19,654,148.

18. NET ASSET VALUE PER SHARE

The calculation of the net asset value per share is based on the net assets of the Company as at 31 December 2006 of HK$31,479,467 (2005: HK$26,854,148) and the number of ordinary shares of 81,000,000 (2005: 81,000,000, as adjusted to reflect the effect of the Capital Reorganisation which became effective on 2 February 2006 and Open Offer completed on 15 March 2006).

19. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 14 April 2007.